



# COLLEGE SAVINGS

## PLANS OF MARYLAND

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CollegeSavingsMD.org 888.4MD.GRAD (463.4723)

## 2012 Back-To-School Newsletter

### Is College Education Worth the Cost—YES!

It was reported in 2010 that—for the first time—student loan debt became the highest household debt in the U.S. This report sparked a new debate: is a college education worth the cost?

Tuition is not an annual expense. It is a lifetime investment, says The Ohio State University President E. Gordon Gee. "The differential in annual and lifetime earnings between those who have obtained a bachelor's degree and those who have not is unmistakably life-altering."

Research by Michael Greenstone and Adam Looney from the Brookings Institution shows this. They asked the question: If you're a high school graduate and you have \$102,000 to invest in your future, would you be better off investing in a college education or putting the money into an alternative investment, like stocks or bonds, and earning the salary of a typical high school graduate over your lifetime?



Their findings show a college degree is the winning bet, with a rate of return of an impressive 15.2% per year on the \$102,000 investment for those who earn the average salary for college graduates. This is more than double the average rate of return in the stock market during the last 60 years (6.8%), and more than five times the return to investments in corporate bonds (2.9%) or long-term government bonds (2.2%). **On average, college graduates can expect to earn 66% more over 40 years than those with only a high school degree.**

In addition, the current national unemployment rate for high school graduates without a college degree (9.7%) is more than double the rate for college graduates (4.2%). It seems the question is not whether a degree is worth it, but how do families better prepare for the expense?

*“With one son in college, and another who will be soon, I’m thankful that I started to save for their education early with the Maryland College Investment Plan. I also appreciate how friendly and helpful the representatives are each time I call to ask a question or take a distribution.”*

Richard Neubauer

### Stay on Track with the College Savings Checklist

Start the school year off with a smart college savings strategy. Our easy-to-use checklist can help you stay on schedule.

#### September – October 2012

- ☐ Study up. Go to CollegeSavingsMD.org to view an enrollment kit and learn more about the plans.
- ☐ Consider saving in the College Investment Plan. (Prepaid College Trust enrollment doesn't open until December.)

#### December 2012

- ☐ Consider saving in the Prepaid College Trust, which opens for enrollment on December 1.
- ☐ Attend a free webinar with live Q&A on December 12 or December 27. Can't make it? Visit CollegeSavingsMD.org to watch a pre-recorded webinar.
- ☐ Postmark your Plan contributions by December 31 to be eligible for a 2012 Maryland State income deduction. You can also contribute online if you register your bank information on your account by no later than December 14!

#### January – March 2013

- ☐ Still considering your options? Attend a parent information night to learn more. Go to CollegeSavingsMD.org for dates and locations. Additional webinar dates will also be available.

#### April 2013

- ☐ Enroll in the Prepaid College Trust by April 8 to take advantage of current prices.

# Have You Considered All Your Plan Options?

Did you know that the College Savings Plans of Maryland offers two 529 plans? Each is based on a different savings strategy and offers distinct benefits. **Choose one plan, or enroll in both!**

Maryland Prepaid College Trust	Maryland College Investment Plan
Locks in tomorrow's tuition at today's prices	Offers a variety of investment portfolios
Start with as little as a one-semester plan	Start with contribution amounts as little as \$25/month
Affordable and flexible tuition plans and payment options	No sales loads, commissions or enrollment fee
Backed by a legislative guarantee	Managed by T. Rowe Price
Open to children (12th graders or younger, including newborns)	Open to children or adults (any age)
Can be used at nearly any college in the country	Can be used at nearly any college in the country, as well as eligible trade and technical schools

## Request a Presentation for Your PTA or Group!

Do your fellow parents or PTA members have questions about saving for their children's future? Request a presentation from the College Savings Plans of Maryland for your next PTA meeting, parent information night or other school/group event. Simply complete our online Speaker Request Form at [CollegeSavingsMD.org/speaker-request-form.aspx](http://CollegeSavingsMD.org/speaker-request-form.aspx)



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*Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in the College Savings Plans of Maryland. Also, if you or your beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its 529 plan.*

*College Savings Plans of Maryland, Administrator and Issuer.*

*T. Rowe Price Associates, Inc., Program Manager and Investment Adviser.*

*Maryland College Investment Plan.*

*T. Rowe Price Investment Services, Inc., Distributor/Underwriter; Maryland College Investment Plan*

## Time is Money

That age old saying, "time is money," really is true—especially when it comes to saving for college. The projected costs of tuition can be shocking; but while some figures may seem unattainable, every dollar saved today could be a dollar less borrowed later.

Each family has its own unique situations and goals when it comes to saving for a child's future college education. And the College Savings Plans of Maryland has two 529 plans that can help, regardless of how little or how much you can afford. The Maryland Prepaid College Trust allows you to save for just one year of college tuition, or even one semester. Or, you can save with Automatic Monthly Contributions (as little as \$25/month) in the Maryland College Investment Plan.

Saving just \$25 a month adds up to \$300 per year. Over 10 years, that's \$3,000 that you would not have to borrow and pay interest on in the future. And this does not consider market fluctuations on the investment, nor the state income deduction you can qualify for as a Maryland taxpayer. Conversely, if you took out a four-year loan for \$3,000 with a 5% interest rate compounded annually, it would accumulate more than \$600 in interest. This means that saving \$3,000 for college could potentially save you \$600 in the long run. So, put time on your side and seriously consider starting to save for your child's higher education now!

**“** *I am so happy that we decided to do this for our daughter especially now that we can see that she is benefitting from it. The Prepaid College Trust really is the best investment we ever made especially now that my husband is retired and I am the only one working. It is peace of mind for us.* **”**

**Kathy Halliday**